Risk Factors

Investment in Kish common stock involves certain risks. In considering an investment in Kish common stock, you should carefully consider the potential risks, including, but not limited to, those that we identify for you, as well as the balance of the information set forth in this Offering Document. The below risk factors should not be considered an exhaustive listing of all potential risks as they are specific to risks inherent in participation in the Plan and, by extension, in purchasing Kish's common stock. The Company's stock is thinly traded and, under the exemption from registration being relied upon by the Company, is subject to restrictions on further transfer. These factors, along with fluctuations in the stock market, could negatively affect the fair market value of the Company's stock. As a result, you may be unable to sell your Shares for an indefinite period of time.

The Company's common stock (OTC Pink: KISB) is thinly traded. There can be no assurance that a regular and active market for the Common Stock will develop in the foreseeable future. In addition, in the case of Shares issued under the Plan, the Company is relying on an exemption from registration that prohibits purchasers in this offering from subsequently transferring their Shares unless they either register the shares or comply with an exemption from registration. These factors, along with fluctuations in the stock market, could negatively affect the fair market value of the Company's stock. In light of the foregoing, investors in the Shares may be required to assume the risk of their investment for an indefinite period of time. Many factors affect investor confidence in the banking sector as a whole, and such factors may impact the trading prices of community banks such as the Company.

- **The Shares being offered have not been registered with the Securities and Exchange Commission (the "SEC") or certain state securities commissions, and neither the SEC nor any state commission with whom we have not registered the Shares has passed upon the accuracy or adequacy of the information we have provided to you.**

Although the Shares have been registered in the Commonwealth of Pennsylvania, the offer and sale of the Company's common stock pursuant to this offering have not been and will not be registered under the Securities Act of 1933, as amended, or the securities acts of certain other states by reason of specific exemptions from registration under such acts. Thus, prospective investors cannot necessarily rely upon a regulatory agency having reviewed the terms of the offering, including the nature and amount of compensation, disclosure of risk and the fairness of the terms of the offering. Accordingly, prospective investors must recognize that they do not necessarily have the same protection that would be afforded by registration under applicable federal and state law, and they must judge the adequacy of disclosure and fairness of the terms of the offering on their own, and without the benefit of such review by a regulatory agency in most cases.

- **As the Company raises capital in the future, your ownership interest in the Company will be diluted.**

Kish may need or choose to raise additional capital in the future through the issuance of capital securities, including shares of common stock. Additional issuances by Kish of its common stock may result in dilution to the ownership interests of Kish's current shareholders, including purchasers of Shares through the dividend reinvestment plan.

- **"Anti-takeover" provisions may keep shareholders from receiving a premium for their Shares.**

The Articles of Incorporation of the Company presently contain certain provisions which may be deemed to be "anti-takeover" in nature in that such provisions may deter, discourage or make more difficult the assumption of control of the Company by another corporation or person through a tender offer, merger, proxy contest or similar transaction or series of transactions. The overall effects of the "anti-takeover" provisions may be to discourage, make more costly or more difficult, or prevent a future takeover offer, thereby preventing shareholders from receiving a premium for their securities in a takeover offer. These provisions may also increase the possibility that a future bidder for control of the Company will be required to act through arms-length negotiation with the Company's Board of Directors**.**

- **As a participant in the Plan, your cash dividends will be reinvested in Kish common stock, but you will still be responsible for payment of taxes with respect to the dividends.**

While you are a participant in the plan, your cash dividend will be reinvested in Kish common stock. You will still be required to report, and pay taxes on, the amount of the dividend. However, you will not have available to you the cash dividend you would have otherwise received and, therefore, you will need to pay the taxes due from another source of funds.

- **A significant portion of our loan portfolio is secured by real estate, and events that negatively impact the real estate market could hurt our business.**

As of March 31, 2015, approximately 74.3% of our loans were secured by real estate. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. Management utilizes appraisal firms and reviews the work of such firms in order to arrive at well based conclusions regarding the value of real estate which serves as collateral. Deterioration in the Pennsylvania real estate market may cause us to adjust our opinion of the level of credit quality in our loan portfolio. Such a determination may lead to an increase in our provisions for loan losses, which could also adversely impact our business, financial condition, and results of operations.

- **Changes in interest rates may negatively affect our earnings and the value of our assets.**

Our earnings and cash flows depend substantially upon our net interest income. Net interest income is the difference between interest income earned on interest-earnings assets, such as loans and investment securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are sensitive to many factors that are beyond our control, including general economic conditions, competition and policies of various governmental and regulatory agencies and, in particular, the policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and investment securities and the amount of interest we pay on deposits and borrowings, but such changes could also affect: (1) our ability to originate loans and obtain deposits; (2) the fair value of our financial assets and liabilities, including our securities portfolio; and (3) the average duration of our interest-earning assets. This also includes the risk that interest-earning assets may be more responsive to changes in interest rates than interest-bearing liabilities, or vice versa (repricing risk), the risk that the individual interest rates or rates indices underlying various interest-earning assets and interest-bearing liabilities may not change in the same degree over a given time period (basis risk), and the risk of changing interest rate relationships across the spectrum of interest-earning asset and interest-bearing liability maturities (yield curve risk), including a prolonged flat or inverted yield curve environment. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations.

- **Our allowance for loan losses may not be adequate to cover actual future losses.**

We maintain an allowance for loan losses to cover probable and incurred loan losses. Every loan we make carries a certain risk of non-repayment, and we make various assumptions and judgments about the collectability of our loan portfolio including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. Through a periodic review and consideration of the loan portfolio, management determines the amount of the allowance for loan losses by considering general market conditions, credit quality of the loan portfolio, the collateral supporting the loans and performance of customers relative to their financial obligations with us. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, which may be beyond our control, and these losses may exceed current estimates. We cannot fully predict the amount or timing of losses or whether the loss allowance will be adequate in the future. If our assumptions prove to be incorrect, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to the allowance. Excessive loan losses and significant additions to our allowance for loan losses could have a material adverse impact on our financial condition and results of operations.

- **We may be required to make further increases in our provisions for loan losses and to charge off additional loans in the future, which could materially adversely affect us.**

There is no precise method of predicting loan losses. We can give no assurance that our allowance for loan losses is or will be sufficient to absorb actual loan losses. We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense, that represents management's best estimate of probable incurred losses within the existing portfolio of loans. The level of the allowance reflects management's evaluation of, among other factors, the status of specific impaired loans, trends in historical loss experience, delinquency trends, credit concentrations and economic conditions within our market area. The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and judgment and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require us to increase our allowance for loan losses. Increases in nonperforming loans have a significant impact on our allowance for loan losses.

In addition, bank regulatory agencies periodically review our allowance for loan losses and may require us to increase the provision for loan losses or to recognize further loan charge-offs, based on judgments that differ from those of management. If loan charge-offs in future periods exceed our allowance for loan losses, we will need to record additional provisions to increase our allowance for loan losses. Furthermore, growth in our loan portfolio would generally lead to an increase in the provision for loan losses. Generally, increases in our allowance for loan losses will result in a decrease in net income and stockholders' equity, and may have a material adverse effect on our financial condition, results of operations and cash flows. Material additions to our allowance could also materially decrease our net income.

- **Changes in economic and political conditions could adversely affect our earnings.**

Our success depends, to a certain extent, upon economic and political conditions, local and national, as well as governmental monetary policies. Conditions such as inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond our control may adversely affect our asset quality, deposit levels and loan demand and, therefore, our earnings. Because we have a significant amount of real estate loans, decreases in real estate values could adversely affect the value of property used as collateral and our ability to sell the collateral upon foreclosure. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings. If during a period of reduced real estate values we are required to liquidate the collateral securing a loan to satisfy the debt or to increase our allowance for loan losses, it could materially reduce our profitability and adversely affect our financial condition. The substantial majority of our loans are to individuals and businesses in central Pennsylvania. Consequently, declines in the economy in central Pennsylvania could have a materially adverse effect on our financial condition and results of operations

- **We extend credit to a variety of customers based on internally established standards and judgment. We manage credit risk through a program of underwriting standards, the review of certain credit decisions and an on-going process of assessment of the quality of the credit already extended. Our credit standards and on-going process of credit assessment might not protect us from significant credit losses.**

We take credit risk by virtue of making loans, extending loan commitments and letters of credit and, to a lesser degree, purchasing non-governmental securities. Our exposure to credit risk is managed through the use of consistent underwriting standards that emphasize "in-market" lending while avoiding highly leveraged transactions as well as excessive industry and other concentrations. We employ risk management techniques to ensure that loans adhere to corporate policy and problem loans are promptly identified. While these procedures are designed to provide us with the information needed to implement policy adjustments where necessary, and to take proactive corrective actions, there can be no assurance that such measures will be effective in avoiding undue credit risk.

- **We face strong competition for customers, which could prevent us from obtaining customers and may cause us to pay higher interest rates to attract customers.**

The banking business is highly competitive, and we experience competition in our market from many other financial institutions. We compete with commercial banks, credit unions, savings and loan associations, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds, and other mutual funds, as well as other super-regional, national, and international financial institutions that operate offices in our primary market areas and elsewhere. We compete with these institutions both in attracting deposits and in making loans. In addition, we have to attract our customer base from other existing financial institutions and from new residents. Many of our competitors are well-established, larger financial institutions. These institutions offer some services, such as extensive and established branch networks, that we do not provide. There is a risk that we will not be able to compete successfully with other financial institutions in our market, and that we may have to pay higher interest rates to attract deposits, resulting in reduced profitability. In addition, competitors that are not depository institutions are generally not subject to the extensive regulations that apply to us.

- **We depend on our subsidiaries for dividends, distributions and other payments.**

As a bank holding company, we are a legal entity separate and distinct from our subsidiaries. Our principal source of funds to pay dividends on our common shares is dividends from these subsidiaries. In the event our subsidiaries become unable to pay dividends to us, we may not be able to pay dividends on our common shares. Accordingly, our inability to receive dividends from our subsidiaries could also have a material adverse effect on our business, financial condition and results of operations.

Federal and state statutory provisions and regulations limit the amount of dividends that our banking and other subsidiaries may pay to us without regulatory approval. Our banking subsidiaries generally may not, without prior regulatory approval, pay a dividend in an amount greater than their undivided profits.

- **We may not be able to attract and retain skilled people.**

Our success depends, in large part, on our ability to attract and retain key people. Competition for the best people in most activities in which we engage can be intense, and we may not be able to retain or hire the people we want or need. In order to attract and retain qualified employees, we must compensate our employees at market levels. If we are unable to continue to attract and retain qualified employees, or do so at rates necessary to maintain our competitive position, our performance, including our competitive position, could suffer, and, in turn, adversely affect our business, financial condition and results of operations.

- **The soundness of other financial institutions could adversely affect us.**

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial industry. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral that we hold cannot be realized upon or is liquidated at prices insufficient to recover the full amount of the loan. We cannot assure you that any such losses would not materially and adversely affect our business, financial condition or results of operations.

- **If we were to grow in the future, we may need to raise additional capital, but that capital may not be available when it is needed.**

We are required by regulatory authorities to maintain adequate levels of capital to support our operations. If we grow in the future, we may need to raise additional capital. Our ability to raise additional capital, if needed, will depend in part on conditions in the capital markets at that time, which are outside our control. Accordingly, we cannot assure you of our ability to raise additional capital, if needed, on terms acceptable to us. If we cannot raise additional capital on acceptable terms when needed, our ability to expand our operations through internal growth and acquisitions could be materially impaired. In addition, if we decide to raise additional capital, your interest could be diluted.

- **We may face risks with respect to expansion through acquisitions or mergers.**

From time to time we may seek to acquire other financial institutions or parts of those institutions. We may also expand into new markets or lines of business or offer new products or services. These activities would involve a number of risks, including:

- the potential inaccuracy of the estimates and judgments used to evaluate credit, operations, management, and market risks with respect to a target institution;

- the time and costs of evaluating new markets, hiring or retaining experienced local management, and opening new offices and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion;

- the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse effects on our results of operations; and

- the risk of loss of key employees and customers.

We may incur substantial costs to expand, and such expansion may not result in the levels of profits we seek. Integration efforts for any future mergers and acquisitions may not be successful and following any future merger or acquisition, after giving it effect, we may not achieve our expected benefits of the acquisition within the desired time frame, if at all.

- **Impairment of investment securities, goodwill, other intangible assets, or deferred tax assets could require charges to earnings, which could result in a negative impact on our results of operations.**

In assessing the impairment of investment securities, we consider the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuers, whether the market decline was affected by macroeconomic conditions and whether we have the intent to sell the debt security or will be required to sell the debt security before its anticipated recovery. Under current accounting standards, goodwill and certain other intangible assets with indeterminate lives are no longer amortized but, instead, are assessed for impairment periodically or when impairment indicators are present. Assessment of goodwill and such other intangible assets could result in circumstances where the applicable intangible asset is deemed to be impaired for accounting purposes. Under such circumstances, the intangible asset's impairment would be reflected as a charge to earnings in the period. Deferred tax assets are only recognized to the extent it is more likely than not they will be realized. Should our management determine it is not more likely than not that the deferred tax assets will be realized, a valuation allowance with a change to earnings would be reflected in the period.

- **We operate through our subsidiaries and, as a result, the interests of our securities holders will effectively be subordinated to the liabilities of our subsidiaries.**

Because we operate primarily through our subsidiaries and our primary assets are our equity interests in those subsidiaries, our obligations, including the debt securities, are effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. The Bank's outstanding liabilities, which are set in our annual and quarterly reports (copies of which have been made available to you), effectively rank and would rank senior to our current and future debt securities. Our subsidiaries may incur further indebtedness in the future. The debt securities are exclusively our obligations. Our subsidiaries have no obligation to pay any amounts due on the debt securities and they are not required to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to regulatory, statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations.

- **We may incur additional indebtedness that may adversely affect our ability to meet our financial obligations under our debt securities.**

The terms of the debt securities do not limit the incurrence by us or our subsidiaries of indebtedness. We may incur additional indebtedness in the future, which could have important consequences to holders of **the debt securities. For example, we may have insufficient cash to meet our financial obligations,** including our obligations under the debt securities. Furthermore, our ability to obtain additional financing for working capital, capital expenditures or general corporate purposes could be impaired. Additional debt could make us more vulnerable to changes in general economic conditions and also could affect the financial strength ratings of the Bank and the ratings of our debt securities.

- **An investment in our securities is not an insured deposit.**

Our securities are not bank deposits and, therefore, are not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our securities is inherently risky and is subject to the same market forces that affect the price of securities in any company. As a result, if you acquire our securities, you may lose some or all of your investment.

- **Bank Secrecy Act and related laws and regulations elevate our accountability for reporting**.

These laws and regulations have significant implications for all financial institutions. They increase due diligence requirements and reporting obligations for financial institutions, create new crimes and penalties, and require the federal banking agencies, in reviewing merger and other acquisition transactions, to consider the effectiveness of the parties to such transactions in combating money laundering activities. Even innocent noncompliance and inconsequential failure to follow the regulations could result in significant fines or other penalties, which could have a material adverse impact on the Corporation's financial condition, results of operations or liquidity.

- **We may be subject to a breach of information security or other technological difficulty that could disrupt our business.**

The Corporation relies on software, communication, and information exchange on a variety of computing platforms and networks and over the Internet. Despite numerous safeguards, the Corporation cannot be certain that all of its systems are entirely free from vulnerability to attack or other technological difficulties or failures. The Corporation relies on the services of a variety of vendors to meet its data processing and communication needs. If information security is breached or other technology difficulties or failures occur, information may be lost or misappropriated, services and operations may be interrupted and the Corporation could be exposed to claims from customers. Any of these results could have a material adverse effect on the Corporation’s financial condition, results of operations or liquidity.

- **We operate in a limited geographic region and therefore lack geographic diversity.**

The Corporation grants commercial, residential and personal loans to customers primarily in the Pennsylvania counties of Mifflin, Centre, and Huntingdon. Although the Corporation has a diversified loan portfolio, a significant portion of its debtors’ ability to honor their contracts is dependent on the local economic conditions within the region.

- **We are subject to government regulation and monetary policy over which we have no control.**

The Corporation and the banking industry are subject to extensive regulation and supervision under federal and state laws and regulations. The requirements and limitations imposed by such laws and regulations limit the manner in which the Corporation conducts its business, undertakes new investments and activities and obtains financing. These regulations are designed primarily for the protection of the deposit insurance funds and consumers and not to benefit the Corporation's shareholders. Financial institution regulation has been the subject of significant legislation in recent years and may be the subject of further significant legislation in the future, none of which is within the control of the Corporation. Significant new laws or changes in, or repeals of, existing laws could have a material adverse effect on the Corporation's financial condition, results of operations or liquidity.